

# Ohio Police & Fire Pension Fund

140 East Town Street / Columbus, Ohio 43215-5164 / Tel. (614) 228-2975 / www.op-f.org

October 16, 2009

Mr. Aristotle Hutras  
Director  
Ohio Retirement Study Council  
88 East Broad Street  
Suite 1175  
Columbus, OH 43215

RE: OP&F's Proposed Budgets

Dear Mr. Hutras:

Please find enclosed the 2010 proposed Administrative Operating, and 2010-2012 Capital budgets for the Ohio Police & Fire Pension Fund (OP&F) in the format agreed upon among the Ohio Retirement Systems and the ORSC.

The proposed budgets are being provided to you in compliance with SB 133. OP&F's Board of Trustees is scheduled to adopt the proposed budgets on December 16, 2009, which is within the sixty days from the date of this correspondence.

Please note that OP&F's individual Board committees have not yet had an opportunity to review the proposed budget details and changes may be necessary.

OP&F will continue to work with you prior to the official adoption and should the Board of Trustees have any changes, we will communicate those to you and amend the information provided.

Please feel free to contact me if you need additional information or have any questions.

Sincerely,

*Bill*  
William J. Estabrook  
Executive Director

Enclosure: 2010 Proposed Budgets

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**  
**Ohio Police & Fire Pension Fund (OP&F)**  
**FY 2010 PROPOSED BUDGET**  
**Compared to FY 2009 Proposed Budget**

Budget Category	01/01/10-12/31/10	01/01/09-12/31/09	Budget \$	Budget %
	FY 2010 PROPOSED BUDGET*	FY 2009 APPROVED BUDGET*	Increase/ (Decrease)	Change
<b>Personnel Services</b>	\$ 12,230,128	\$ 12,265,457	\$ (35,329)	-0.3%
Salaries and Wages	8,626,722	8,779,123	(152,400)	-1.7%
OPERS Retirement Contributions	1,207,742	1,221,807	(14,066)	-1.2%
Insurance	2,329,734	2,198,566	131,168	6.0%
Miscellaneous Personnel Expense (Tuition & Other Activities)	65,931	65,961	(30)	0.0%
<b>Professional Services</b>	\$ 4,622,330	\$ 5,065,015	\$ (442,685)	-8.7%
Actuarial	330,500	480,500	(150,000)	-31.2%
Audit	95,400	98,200	(2,800)	-2.9%
Custodial Banking Fees	1,644,000	1,743,360	(99,360)	-5.7%
Investment Consulting	1,343,480	1,347,361	(3,881)	-0.3%
Other Consulting (Legal, PR, Health Care, HR & Records)	1,138,950	1,325,594	(186,644)	-14.1%
Banking Expense	70,000	70,000	-	0.0%
<b>Communications Expense</b>	\$ 586,012	\$ 655,970	\$ (69,958)	-10.7%
Printing and Postage	388,755	448,090	(59,335)	-13.2%
Telephone	108,390	114,750	(6,360)	-5.5%
Member/Employer Education	8,467	12,405	(3,938)	-31.7%
Legislative Consultant	80,400	80,725	(325)	-0.4%
<b>Other Operating Expense</b>	\$ 1,811,358	\$ 1,972,109	\$ (160,751)	-8.2%
Conferences and Education	171,873	242,058	(70,185)	-29.0%
Travel	149,355	185,963	(36,608)	-19.7%
Computer Technology	785,432	782,787	2,645	0.3%
Other Operating (Insurance, Maint., Memberships, Supplies, etc.)	561,698	609,101	(47,404)	-7.8%
Contingency	100,000	100,000	-	0.0%
Mandatory Costs (ORSC and TOS Warrant Charges)	43,000	52,200	(9,200)	-17.6%
<b>Net Building Occupancy Expense</b>	\$ 1,270,110	\$ 1,270,110	\$ -	0.0%
<b>Operating Budget</b>	\$ 20,519,938	\$ 21,228,661	\$ (708,723)	-3.3%
<b>Capital Budget 2010-2012</b>	\$ 4,396,481	\$ 3,205,481	\$ 1,191,000	37.2%
<b>Total Operating and Capital Budgets</b>	\$ 24,916,419	\$ 24,434,142	\$ 482,277	2.0%

# OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC

## Ohio Police & Fire Pension Fund (OP&F) FY 2010-2012 Capital Budget

Budget Category	FY 2010-2012 PROPOSED Budget	FY 2009-2011 APPROVED Budget	Budget \$ <u>Increase/</u> <u>(Decrease)</u>	Budget % <u>Change</u>
	<u>BUDGET</u>	<u>BUDGET</u>		
Office Building	\$ 353,081	\$ 353,081	\$ -	0.0%
Furniture & Equipment	90,000	360,000	\$ (270,000)	-75.0%
Computer Technology	3,953,400	2,492,400	\$ 1,461,000	37.9%
Telephone Equipment	-	-	\$ -	0.0%
Automobile	-	-	\$ -	0.0%
<b>Total Capital Budget*</b>	<b>\$ 4,396,481</b>	<b>\$ 3,205,481</b>	<b>\$ (1,377,213)</b>	<b>-30.1%</b>

\*OP&F approves a 3 year capital budget, 2010 expenditures are expected to be \$2,044,074.

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**

**Ohio Police & Fire Pension Fund (OP&F)  
FY 2008-2010 Board of Trustees Expenditures**

Budget Category	FY 2010 PROPOSED		FY 2009 APPROVED		FY 2008 APPROVED		FY 09-10 Budget \$ Increase/ (Decrease)	Budget % Change
	BUDGET	% of Total Budget	BUDGET	% of Total Budget	BUDGET	% of Total Budget		
Trustee Travel	\$ 21,310	25.2%	\$ 21,725	25.7%	\$ 24,390	21.6%	\$ (415)	-1.9%
Travel Expense	47,400	56.1%	41,300	48.9%	56,355	49.9%	\$ 6,100	14.8%
Trustee Registration	6,095	7.2%	12,250	14.5%	19,890	17.6%	\$ (6,155)	-50.2%
Dues, Subscriptions & Materials	1,390	1.6%	1,390	1.6%	1,430	1.3%	\$ -	0.0%
Meeting Expense	7,600	9.0%	7,800	9.2%	10,820	9.6%	\$ (200)	-2.6%
<b>Total Trustee Budget</b>	<b>\$ 83,795</b>	<b>100%</b>	<b>\$ 84,465</b>	<b>100%</b>	<b>\$ 112,885</b>	<b>100.0%</b>	<b>\$ (670)</b>	<b>-0.8%</b>

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**  
**Ohio Police & Fire Pension Fund (OP&F)**

**Schedule of Investment Expenses**

	<b>FY 2008 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2006 Actual</b>
<b>Investment Assets Under Management</b>			
Internally Managed (Commercial Paper)	\$ 440,804,450	\$ 448,344,305	\$ 594,596,041
Externally Managed	8,536,466,454	12,677,421,944	11,237,713,984
<b>Gross Investment Assets Under Management</b>	<b>8,977,269,904</b>	<b>13,125,766,249</b>	<b>11,832,310,025</b>

<b>Investment Expenses</b>			
Administrative Costs of Investment Function*	\$ 2,644,631	\$ 2,509,222	\$ 2,763,078
External Investment Management Fees	41,304,087	38,709,498	33,194,088
Investment-Related Professional Consulting**	1,269,675	1,778,443	1,202,653
Brokerage/Commissions & Fees	4,165,485	5,661,275	4,616,812
Custodial Fees**	1,729,017	2,077,351	1,812,154
<b>Total Investment Expenses</b>	<b>\$ 51,112,895</b>	<b>\$ 50,735,789</b>	<b>\$ 43,588,785</b>

**Total investment Expenses as a % of Total Investment Assets**

<b>0.57%</b>	<b>0.39%</b>	<b>0.37%</b>
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\*Administrative Costs includes OP&F investment staff and an allocation of the Operating Budget

\*\*Items are also contained within the Operating Budget

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC**

**Ohio Police & Fire Pension Fund (OP&F)  
Data as of December 31st for each year listed  
Statistical Information**

Description	2010	2009	2008	2007	2006
Actual Staff			146	151	162
Authorized Full Time Equivalents (FTE)	144	149	150	161	166

Active Members	n/a	28,927	28,733	28,454	27,884
Inactive Members	n/a	2,383	2,468	2,442	2,623
Benefit Recipients (Service, Disability, Survivor)	n/a	25,317	24,878	24,683	24,459
Re-employed Retirees	n/a	135	131	155	142
# Actives + Benefit Recipients Per Authorized Staff Member	n/a	365	358	331	316

Employers (Municipalities, Townships, Villages)	n/a	920 est.	923	924	912
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**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC  
Ohio Police & Fire Pension Fund (OP&F)**

**FY 08-10 Staff Travel Expense Totals per Full-Time Equivalent (FTE)**

<b>Dept</b>	<b>Type of Travel</b>	<b>FY2010 Budget</b>	<b>FY2009 Budget</b>	<b>FY2008 Budget</b>	<b>FY 2009-2010 Budgeted % Change</b>
<b>Administration</b>		\$ 37,360	\$ 63,025	\$ 56,000	-40.7%
	# FTES	46	47	44	-2.1%
	Travel Expense per FTE	\$ 812	\$ 1,341	\$ 1,273	-39.4%
<b>Finance</b>		\$ 3,100	\$ 3,970	\$ 4,995	-21.9%
	# FTES	13	13	13	0.0%
	Travel Expense per FTE	\$ 238	\$ 305	\$ 384	-21.9%
<b>Investments</b>		\$ 22,220	\$ 27,490	\$ 18,585	-19.2%
	# FTES	15	14	14	7.1%
	Travel Expense per FTE	\$ 1,481	\$ 1,964	\$ 1,328	-24.6%
<b>Member Services</b>		\$ 6,560	\$ 19,010	\$ 15,680	-65.5%
	# FTES	46	51	54	-9.8%
	Travel Expense per FTE	\$ 143	\$ 373	\$ 290	-61.7%
<b>Information Services</b>		\$ 11,405	\$ 17,555	\$ 22,185	-35.0%
	# FTES	24	24	25	0.0%
	Travel Expense per FTE	\$ 475	\$ 731	\$ 887	-35.0%
<b>Total OP&amp;F Staff</b>		\$ 80,645	\$ 131,050	\$ 117,445	-38.5%
	# FTES	144	149	150	-3.4%
	Travel Expense per FTE	\$ 560	\$ 880	\$ 783	-36.3%

**OHIO RETIREMENT SYSTEM BUDGET PRESENTATION TO ORSC  
Ohio Police & Fire Pension Fund (OP&F)**

**FY08-10 Staff Training (Conference Registration and In-House)**

Dept	Type of Training	FY 2009-2010			
		FY2010 Budget	FY2009 Budget	FY2008 Budget	Budgeted % Change
<b>Administration</b>		\$ 131,218	\$ 133,804	\$ 49,766	-1.9%
	Conferences & Seminars	\$ 116,218	\$ 120,304	\$ 37,966	-3.4%
	In-House Training	\$ 15,000	\$ 13,500	\$ 11,800	11.1%
	# FTES	46	47	44	-2.1%
	Training Expense per FTE	\$ 2,853	\$ 2,847	\$ 1,131	0.2%
<b>Finance</b>		\$ 8,270	\$ 9,810	\$ 9,900	-15.7%
	Conferences & Seminars	\$ 8,270	\$ 9,810	\$ 9,900	-15.7%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	13	13	13	0.0%
	Training Expense per FTE	\$ 636	\$ 755	\$ 762	-15.7%
<b>Investments</b>		\$ 9,890	\$ 18,864	\$ 19,539	-47.6%
	Conferences & Seminars	\$ 9,890	\$ 18,864	\$ 19,539	-47.6%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	15	14	14	7.1%
	Training Expense per FTE	\$ 659	\$ 1,347	\$ 1,396	-51.1%
<b>Member Services</b>		\$ 2,700	\$ 21,505	\$ 21,365	-87.4%
	Conferences & Seminars	\$ 2,700	\$ 21,505	\$ 21,365	-87.4%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	46	51	54	-9.8%
	Training Expense per FTE	\$ 59	\$ 422	\$ 396	-86.1%
<b>Information Services</b>		\$ 28,700	\$ 50,700	\$ 60,700	-43.4%
	Conferences & Seminars	\$ 28,700	\$ 50,700	\$ 60,700	-43.4%
	In-House Training	\$ -	\$ -	\$ -	0.0%
	# FTES	24	24	25	0.0%
	Training Expense per FTE	\$ 1,196	\$ 2,113	\$ 2,428	-43.4%
<b>Total OP&amp;F Staff</b>		\$ 180,778	\$ 234,683	\$ 161,270	-23.0%
	Conferences & Seminars	\$ 165,778	\$ 221,183	\$ 149,470	-25.0%
	In-House Training	\$ 15,000	\$ 13,500	\$ 11,800	11.1%
	# FTES	144	149	150	-3.4%
	Training Expense per FTE	\$ 1,255	\$ 1,575	\$ 1,075	-20.3%